[English]

Fraud in Banks

*57. DR. MURLI MANOHAR JOSHI: Will the Minister of FINANCE be pleased to refer to the answer given to Starred Question No. 422 dated December 20, 1996 and state:

(a) the organisational set up of the vigilance machinery in the State Bank of India and the number of cases of corruption, dishonesty and assets disproportionate to known income investigated by the Vigilance Department during 1995-96;

(b) the number of officers (Grade-wise) involved in such cases;

(c) the number of complaints received for corruption, dishonesty and fraud in 1995 and 1996 and action taken thereon;

(d) whether the vigilance section initiated any action suo moto against the staff suspected to be dishonest and corrupt;

(e) if so, the details thereof;

(f) whether the State Bank of India have made any review of the functioning of powers of the vigilance section under their control; and

(g) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Vigilance Department at apex level in the State Bank of India (SBI) is headed by Chief Vigilance Officer (CVO), in the rank of Chief General Manager. He is assisted by two Deputy General Managers and other officers of the rank of Assistant General Manager/Chief Manager. At the local head offices, the Vigilance Department is headed by Deputy General Manager and after initial process of the vigilance cases relating to officers of the concerned Circle a reference is made to the Central Office.

During the year 1995-96, investigations from vigilance angle were carried out in 658 cases which inter alia includes frauds committed by the officials, irregular sanction of advances in violation of laid down procedures, pecuniary benefits obtained by the officials and knowingly allowing pecuniary gains to the outsiders at the cost of the bank.

(b) Vigilance disciplinary proceedings were initiated against 648 officers during the year 1995-96 and the grade-wise position is as under:

Junior Management Grade	182
Middle Management Grade	349
Senior Managment Grade	89
Top Executive Grade	28
Total	648

(c) During the years 1995-96 and 96-97, 1421 complaints were received. During the same period disciplinary proceedings were completed and various penalties imposed on 1314 officers.

(d) and (e) According to SBI the Vigilance Department in SBI takes steps to ensure that a close watch is maintained to weed out the dishonest and corrupt from the system. These steps include maintaining an agreed list of officers suspected to be dishonest, scrutiny of statements of assets and liabilities submitted by the officers and carrying out spot audit, inspection and investigation whenever any irregularity is detected.

(f) and (g) The functioning of the vigilance department is reviewed by the Board of Directors of State Bank of India at half-yearly intervals. The powers of the disciplinary authorities are also reviewed by the bank from time to time. The pending vigilance disciplinary cases are also reviewed by the bank from time to time. The pending vigilance disciplinary cases are also reviewed at the local head offices by the Circle Management Committee headed by the Chief General Manager and at the Apex Level, by a Committee headed by the Managing Director of the bank.

Longwall Mining Projects

*58. PROF. RITA VERMA: Will the Minister of COAL be pleased to state:

(a) the number of Longwall Mining Projects of Coal India Ltd;

(b) the annual production capacity thereof;

(c) whether production of coal is taking place as per their capacity;

(d) if so, the details thereof; and if not, the reasons therefor; and

(e) the details of new Longwall Mining projects proposed to be set up during 1997-98?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) and (b) At present 10 longwall powered support faces with a total annual rated capacity of 4.90 million tonnes (61356 TPD) are operating in four projects of Coal India Limited (CIL).

(c) and (d) It is a fact that performance of longwall powered support faces is not as was originally envisaged. The factors responsible for poor performance of longwall faces are as under:-

(i) When the longwall technology was introduced in CIL projects, imported longwall powered support equipment, mainly from U.K. sources, were procured and installed. Absorbing any new technology transfer takes time. Assimilation of new technology and the learning process was a factor affecting performance of the longwall faces.

(ii) Complexity of the geo-mining conditions having

small faults and igneous intrusions particularly in BCCL contributed to the poor performance of the longwall faces.

(iii) To obtain effective utilisation of sophisticated equipment like longwall powered support face, timely supply of spares is important. Due to earlier import restriction, DGTD clearance, foreign exchange release etc., there were delays in importing spares from other countries.

(iv) Developing the indigenous sources capable of supplying the required spares for longwall equipment has not been up to the desired level. Indegenisation was assigned mainly to the public sector undertakings like Jessop & MAMC. They had their own difficulties in meeting the requirements of spares of the longwall face equipment.

(v) Earlier acute power problem in ECL and BCCL affected operation of these equipment very badly, giving rise to inadequate performance at initial stage of operation affecting the development of confidence building.

(vi) Surplus manpower being available, existing manpower was utilised after training to man powered support faces. Imbibing the technology transfer is a difficult and time taking exercise.

(e) During 1997-98, longwall powered support faces are proposed to be set up in the following projects of CIL:-

	Company	Project	Capacity of the Longwall face *(TPD)
(i)	ECL	Satgram Underground	2000
(ii)	SECL	Rajendra Underground	2350
(iii)	SECL	Balrampur Underground	1950

*Tonnes per day.

[English]

Tarapore Panel

*59. SHRI SULTAN SALAHUDDIN OWAISI:

SHRI CHITTA BASU:

Will the Minister of FINANCE be pleased to state:

(a) whether the Tarapore Panel has favoured full convertibility of rupee on capital account by 1999-2000;

(b) if so, the details thereof and other recommendations of the panel;

(c) whether the Government have accepted all the recommendations of the panel;

(d) if so, the details thereof; and

(e) if not, the time by which these recommendations are likely to be implemented?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir.

(b) Based on an assessment of macroeconomic conditions, the Committee is of the considered view that the time now is opportune to initiate a move towards capital account convertibility. The Committee, however, recognises that the initial conditions do contain certain weaknesses and the entrenchment of preconditions can be achieved in the Indian context only over a period of time. The establishment of the preconditions need to be viewed as processes rather than as one time indicators. The Committee, therefore, recommended that the implementation of capital account convertibility by spread over a three years period 1997-98 to 1999-2000.

(c) to (e) The recommendations of the Committee are being examined by the Government and the Reserve Bank of India, and a decision on the acceptance/implementation of the recommendations will be taken as soon as the process of examination of the Report is complete.

Regional Private Bank

*60. SHRI T. GOVINDAN: Will the Minister of FINANCE be pleased to state:

(a) whether any proposal is under consideration of the Union Government to grant permission to start Regional Private Bank and whether the Government are aware of the opposition by the employees and the unions of various banks to such move;

(b) if so, the details thereof; and

(c) the reaction of the Government thereto?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) Presumably, the Hon'ble Member of Parliament is refering to the setting up of Local Area Banks in the private sector. With a view to providing an institutional mechanism for promoting rural savings as well as for the provision of credit for viable economic activities in the rural areas, it has been decided to allow establishment of Local Area Banks (LABs) in the private sector. This is expected to bridge the gap in the credit availability and enhance the institutional credit framework in the rural and semi urban areas.

The establishment of LABs in the private sector has been opposed by certain unions of the bank employees. It is, inter alia, their view that setting up such banks will adversely affect the Regional Rural Banks (RRBs), public sector banks and private sector banks.

(c) The issue raised by the unions of bank employees have been examined in consultation with the Reserve Bank of India (RBI). Primarily, setting up of LABs in the private sector is for the purpose of catering to the credit needs of the local people and aims at providing efficient and competitive financial intermediation services in their